

RESILIENT REIT LIMITED

Incorporated in the Republic of South Africa

Registration number: 2002/016851/06

JSE share code: RES

ISIN: ZAE000209557

Bond company code: BIRPIF

LEI: 378900F37FF47D486C58

(Approved as a REIT by the JSE)

(“Resilient” or “the Company”)



PRE-CLOSE UPDATE

The following pre-close update is provided in anticipation of Resilient’s results for the six months ending June 2024 (“interim period”). The financial information on which this update is based, including the outlook, have not been reviewed or reported on by the Company’s external auditors.

SOUTH AFRICA

PORTFOLIO UPDATE

During the interim period, Resilient concluded 369 lease renewals over 143 550m² of GLA at rentals on average 4,9% higher than expiry. Leases were concluded with 79 new tenants (16 800m² of GLA) at rentals on average 36,3% higher than those of the outgoing tenants. Escalations of 5,9% and 6,2% were agreed for renewals and new leases respectively. As a result of this leasing activity, the 30,3% of GLA previously reported to expire in FY2024 has reduced to 17,3%.

Strategic asset management initiatives, particularly at Boardwalk Inkwazi, Jubilee Mall and Soshanguve Crossing, to further reduce departmental stores and cinemas while increasing exposure to food anchors, have resulted in overall vacancies increasing to 2,1% at June 2024.

Construction at Mahikeng Mall is nearing completion and, due to strong tenant demand, a further extension is under consideration. Checkers was relocated to a new position, converted to a FreshX specification and opened in May 2024 together with the new Dis-Chem. The previous Checkers store was converted to a Shoprite which opened in mid-June 2024. The redevelopment of Tzaneng Mall is well underway and is anticipated to be completed in 3Q2024. The portfolio achieved turnover growth of 1,8% for the five months ended May 2024, notwithstanding tough economic conditions and the impact of construction activities in several shopping centres.

Construction of “The Village” in Klerksdorp is progressing well and the development is anticipated to open in November 2024. This convenience centre will be anchored by Checkers.

Significant progress has been made in obtaining the requisite regulatory approvals for the extension to Irene Village Mall. This extension will accommodate Checkers and is anticipated to commence in September 2024.

The Site Development Plans for the extensions to Tubatse Crossing and Tzaneen Lifestyle Centre have been approved. Further progress has been made regarding the remaining outstanding regulatory approvals. These developments remain subject to Board approval and are planned to commence in 2025.

ENERGY

Resilient’s objective is to reduce its reliance on grid-provided electricity by continuing the expansion of its solar and battery installations. This will enable Resilient to contain future anticipated electricity cost increases. Installed solar energy generation currently totals 59,9MWp, supplying 27,7% of Resilient’s total energy consumption. It is projected that installed capacity will increase by 16,5MWp during FY2024 (solar energy will then supply approximately 35% of Resilient’s total energy consumption). A further 6,7MWp is currently being considered and remains subject to Board and regulatory approval.

The Grove Mall’s 6MWh battery and Irene Village Mall’s 4MWh battery have been installed and the automated mini-grid systems are anticipated to be completed by October 2024.

SPAIN

The acquisition by the Company’s affiliate, Salera Properties S.L.U. (“Salera Properties”), of Salera Centro Comercial (“Salera”), a shopping centre in Castellón, Spain was completed with effect from 31 January 2024. Resilient and Lighthouse each own a 50% interest in the holding company of Salera Properties.

Salera is fully let and is trading well. Comparable sales growth of 7,3% was recorded for the four months ended April 2024. The closure of the Zara store in the high-street in January 2024 has contributed to this performance.

FRANCE

The retail landscape in France has been negatively affected by political instability and slow economic growth during the period. This has impacted the comparable sales for the 4-month period ended April 2024, which declined by 4%. Despite the reduction in sales, letting activity is progressing well and net operating income is expected to grow by approximately 8% to 10% for FY2024 driven primarily by vacancies being filled. This portfolio is currently 7,5% vacant, excluding the 1 887m² currently pending lease signature by international tenants.

At Rivetoile, JD Sports opened their flagship store during June 2024 and Jack&Jones opened during March 2024. The extension project commenced during March 2024 and is structured in three phases to minimise the impact on the centre. The last phase is scheduled to be completed by 3Q2025. This extension will increase the offering and improve the flow in the upper level of the centre.

Bershka opened their new concept store at Saint Sever during February 2024. This is the only Bershka store in the city of Rouen and has achieved sales ahead of forecast. Chaussea and Normal took beneficial occupation of their stores during June 2024 and are expected to open during August and September 2024, respectively. Leases have been concluded with a new Starbucks and an expanded Foot Locker store.

At Docks 76, Snipes opened their new store during March 2024. Terms have been agreed with Normal to open a store on the upper level opposite Action. The addition of both Action and Normal will improve the footfall in the second level of this centre. Terms have been agreed with Jack&Jones to open their first store in Rouen (opening expected in 1Q2025).

JD Sports took beneficial occupation of their new larger and relocated store at Docks Vauban. Leases have been concluded with Action for 1 280m² of previously vacant space on the upper level of the centre and with Normal for 460m² to take occupation of the store previously let to JD Sports. A lease agreement has been signed with health and beauty brand Rituals, which will open their store in 3Q2024.

NIGERIA

In Resilient's year-end results it was reported that the Company will dispose of its Nigerian operations to Shoprite. Approval for the transaction was received from the Competition Commissions in South Africa and Nigeria in May 2024. Resilient has entered into a Share Purchase Agreement with Shoprite, subject to the fulfilment or waiver of the remaining conditions precedent. The Nigerian operations will be deconsolidated at the interim reporting date.

LISTED INVESTMENTS

Resilient elected to receive the December 2023 dividend from Lighthouse in cash. Resilient currently owns 30,4% of Lighthouse.

The Lighthouse share price has strengthened since December 2023 as its strategy transitions from listed investments to direct property holdings. This will have a positive impact on Resilient's net asset value.

FUNDING

Salera Properties has accepted an 8-year facility from CaixaBank secured by Salera. The facility has no recourse to Resilient's South African balance sheet. Resilient currently has R1,9 billion of undrawn facilities available which includes Resilient's EUR38,5 million (approximately R780 million) share of the CaixaBank facility expected to be drawn in July 2024.

OUTLOOK

The Board expects that the dividend for FY2024 will be between 410 cents per share and 420 cents per share. This assumes that interest rates remain unchanged, Lighthouse achieves its guidance, there is no further deterioration of the macroeconomic environment, no major corporate failures occur and that tenants will be able to absorb the rising utility costs and municipal rates.

28 June 2024

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